



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
BOARD FOR LICENSING CONTRACTORS
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NASHVILLE, TENNESSEE 37243-1150
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www.state.tn.us/commerce/boards/contractors

INSURANCE INFORMATION

The Board for Licensing Contractors regulates licensing for five (5) professions. Their insurance and bonding requirements are listed in each of their applications; however, the following is a summary:

<u>LICENSE TYPE</u>	<u>INSURANCE</u>
Contractors (<i>Building, Electrical, Mechanical, Specialty, etc</i>)	General Liability and Workers Comp
Home Improvement	General Liability/Workers Comp/Bond
Limited Licensed Electricians (LLE)	None
Limited Licensed Plumbers (LLP)	None
Pre-License Course Providers	\$50,000 Bond

(Note: Local municipalities and permit issuing agencies may also require insurance and bonding)

Effective July 1, 2007, the state law requires all contractors to obtain General Liability insurance in order to renew or apply for a contractor or home improvement license. In addition, Workers Compensation insurance is also required.

The Board has established the following as a “minimum” amount of coverage and it’s based on the monetary limit (amount the contractor may contract) designated on the license. Please check with your insurance provider, as they may advise to apply for more or additional coverage, based upon your individual needs and the amount of projects you perform.

General Liability

<u>Contractor’s License Monetary Limit</u>	<u>Minimum General Liability Insurance</u>
Less than \$25,000 (Home Improvement)	\$ 100,000
Up to \$500,000	\$ 100,000
\$500,001 to \$1,500,000	\$ 500,000
\$1,500,001 to Unlimited	\$1,000,000

Workers Compensation

Workers compensation insurance is required by contractor and home improvement licensees who have one (1) or more employees. Information concerning this law is with the Department of Labor and Workforce and their website is at: <http://www.state.tn.us/labor-wfd/wcomp.html>

Requirements for Proof of Insurance

The Board requests a **certificate of insurance** (available from your insurance agency) which lists a **policy number** (not binder or account number), a **beginning and expiration date**, and **limits** of the insurance. The **name on the license** must match the **name in the insured box**. The **Board should be listed as the certificate holder**.

Limits required to be listed on Certificate of insurance

Each occurrence (this value must comply with minimum requirements listed above)
Damage to Rented Premises (each occurrence)
Medical Expense (any one person)
Personal & Adv Injury
General Aggregate
Products- comp/op agg

Bond

Home Improvement contractors must submit proof of financial responsibility and may be in the form of a \$10,000 surety bond. The sample form is included in the home improvement application at:

http://www.state.tn.us/commerce/boards/contractors/documents/HICAppCompleteWeb_003.pdf

Pre-license course providers must supply a \$50,000 bond in order to be approved to offer contractor exam courses. The sample form is included in their application at:

http://www.state.tn.us/commerce/boards/contractors/documents/PrelicensingSchoolAppFinal_001.pdf

Law

The following is a summary of legislation SB1784, Public Chapter 130:

AN ACT to amend Tennessee Code Annotated, Title 62, Chapter 37 and Title 62, Chapter 6, relative to contractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-6-111(a)(1), is amended by inserting the following sentence at the end of that subdivision: "Any application for initial licensure or for renewal of licensure also shall be accompanied by an affidavit affirming that the applicant maintains general liability insurance and workers' compensation insurance and specifying the amount of such insurance as well as any other information the board may require."

SECTION 2. Tennessee Code Annotated, Section 62-37 (was deleted under a separate bill and merged with 62-6).

SECTION 3. This act shall take effect July 1, 2007, the public welfare requiring it.

Rules and Regulations

0680-6-.01 Definitions

- (1) "Applicant" means an individual or entity who/that is applying for a home improvement contractor license or a general contractor license with the Board.

- (2) "Board" means the Board for Licensing Contractors created by Tenn. Code Ann. § 62-6-104.
- (3) "General Liability Insurance" means an insurance policy providing insurance coverage for negligent acts or other acts of the principal insured or the principal insured's agents or employees, operating in the course and scope of the agency or employment.
- (4) "Licensee" means an individual or entity who/that is licensed with the Board as a home improvement contractor or a general contractor.

Authority: Chapter 130 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [effective July 1, 2007].

Administrative History: Public necessity rule filed June 29, 2007, expired December 11, 2007. Public necessity rule filed December 11, 2007; effective through May 24, 2008.

0680-6-.02 AMOUNT OF INSURANCE.

- (1) Board licensees and applicants shall maintain general liability insurance as follows:
 - (a) In the case of all home improvement contractor applicants or licensees, or if a general contractor applicant's or a licensee's monetary limit is between the amounts of zero dollars (\$0) and five hundred thousand dollars (\$500,000), then the applicant or licensee shall obtain a general liability insurance policy in an amount not less than one hundred thousand dollars (\$100,000).
 - (b) If an applicant's or a licensee's monetary limit is between the amounts of five hundred thousand one dollar (\$500,001) and one million five hundred thousand dollars (\$1,500,000), then the applicant or licensee shall obtain a general liability insurance policy in an amount not less than five hundred thousand dollars (\$500,000).
 - (c) If an applicant's or a licensee's monetary limit is one million five hundred thousand one dollar (\$1,500,001) or more, then the applicant or licensee shall obtain a general liability insurance policy in an amount of not less than one million dollars (\$1,000,000).

Authority: Chapter 130 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [effective July 1, 2007].

Administrative History: Public necessity rule filed June 29, 2007, expired December 11, 2007. Public necessity rule filed December 11, 2007; effective through May 24, 2008.

December, 2008 (Revised) 1

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 - (c) If an applicant's or a licensee's monetary limit is one million five hundred thousand one dollar (\$1,500,001) or more, then the applicant or licensee shall obtain a general liability insurance policy in an amount of not less than one million dollars (\$1,000,000).

Authority: Chapter 130 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [effective July 1, 2007].

Administrative History: Public necessity rule filed June 29, 2007, expired December 11, 2007. Public necessity rule filed December 11, 2007; effective through May 24, 2008.

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0680-6-.03 PROOF OF INSURANCE.

- (1) Applicants shall provide the Board with a copy of a certificate of insurance upon applying for licensure with the Board as proof of having obtained a general liability insurance policy.
- (2) Licensees shall provide the Board with a copy of a certificate of insurance upon renewing his/her/its license as proof of having maintained a general liability insurance policy.
- (3) Applicants and licensees shall name the Board as the certificate holder on the general liability insurance policy.

Authority: Chapter 130 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [effective July 1, 2007].

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